



4004

ANNUAL REPORT

OF

Name: HILLSBORO TELEPHONE CO, INC.

Principal Office: 121 MILL ST
P.O. BOX 427
HILLSBORO, WI 54634-0427

For the Year Ended: DECEMBER 31, 1998

TELECOMMUNICATIONS UTILITY
TO
PUBLIC SERVICE COMMISSION OF WISCONSIN

P.O. Box 7854
Madison, WI 53707-7854
(608) 267-9504

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

GENERAL RULES FOR REPORTING

1. Unless otherwise indicated, the information requested in this report should be taken from the accounts and other records in conformity with the Uniform System of Accounts prescribed by the Public Service Commission of Wisconsin in docket 05-US-102. The definitions and instructions contained therein should also apply to the report wherever applicable. A query or response concerning information contained in this report regarding any practice or transaction should not be construed as indicating conformity to accounting or other pertinent regulations.
2. Please follow all instructions and answer each question fully and accurately. Provide additional information as necessary to avoid misunderstandings or misleading responses. Abbreviations listed on page 6 may be used, however please show the exact name of the respondent in full on the "Identification and Ownership" page.
3. Wherever information is requested in a "note", please show that information in the space provided, or make reference to the adjacent page or insert where the note may be found. Please also identify each note. Footnote capability is included in the annual report software program. Please use it where necessary to fully explain particulars in the annual report.
4. Numeric items are limited to digits (0-9). A minus sign "-" should be entered in the software program to indicate negative values. Do not use parentheses for numeric values. The program will convert the minus sign to parentheses when a hard copy of the annual report is printed. Negative values may not be allowed for certain entries in the annual report due to restrictions contained in the software program.
5. Please report all dollar amounts to the nearest whole dollar.
6. This annual report should be complete in all respects. Unless otherwise authorized, avoid references to returns of former years or to other reports.
7. Wherever schedules call for data from the previous year and such data were reported in the previous annual report, that previous year's data should be reported without modification. If modified, an appropriate footnote indicator and explanation should be included in the current year's annual report.
8. Where part or all of the report is prepared by other than utility personnel, a disclosure is required in the notes to the income statement or the balance sheet, which describes the nature and extent of work performed.
9. Please print a hard copy of the annual report on 20 pound or heavier paper, sign it and compare with the electronic copy before officially filing it with the Public Service Commission of Wisconsin.

SIGNATURE PAGE

I MR. CHARLES HAMMER of
(Person responsible for accounts)

HILLSBORO TELEPHONE CO, INC. , certify that I
(Utility Name)

am the person responsible for accounts; that I have examined the following report and, to the best of my knowledge, information and belief, it is a correct statement of the business and affairs of said utility for the period covered by the report in respect to each and every matter set forth therein.

MR. CHARLES HAMMER 03/31/1999
(Person responsible for accounts) (Date)

VICE PRESIDENT-MANAGER
(Title)

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ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Access Line	Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency transmission, and/or time slot transmission. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice channel or a 64 kilobits per second digital channel.
Analog Signal	A signal that varies in a continuous manner such as voice or music. An analog signal must be contrasted with a digital signal which can assume only discrete values.
Cellular System	A high capacity land mobile radio system in which an assigned frequency spectrum is divided into discrete channels that are assigned to a cellular geographic serving area.
Central Office	A switching unit in a telephone system providing service to the general public, having the necessary equipment and operating arrangements for terminating and interconnecting lines and trunks.
Centrex	A service for customers with many stations that permits station-to-station dialing, one listed directory number for the customer, direct inward dialing to a particular station and station identification on outgoing calls. The switching functions are performed in a central office (stand alone, host or remote).
Channel	An electrical communications path between two or more points. A single pair of wires may provide more than one channel. A channel may also be provided by microwave.
Customer	A person who uses a telephone as a subscriber.
Digital Signal	A signal that has a limited number of discrete states. This may be contrasted with an analog signal that varies in a continuous manner and may have an infinite number of states.
Equal Access	The ability of the subscriber to use any long distance service by dialing the same number of digits.
Exchange	A defined area served by one or more central offices regardless of technical serving arrangements within which the company furnishes service at rates and rules prescribed for that area in the company's filed tariffs. The area is not necessarily marked by political boundaries or the location of host or remote switching units.
Extended Area Service (EAS)	The ability of a customer to call customers in other exchanges at no additional charge or at an additional charge per tariff.
Extended Community Calling (ECC)	The ability of a customer to call customers in other exchanges at rates usually above EAS rates but below toll rates for comparable distances. Rates generally include a duration element.
Feature Group A	Line-side originating and terminating LATA access for which an originating subscriber dials an assigned telephone number that connects to a specific interexchange carrier (IC). The IC returns a tone to signal the caller to input additional generated digits of the called number.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Feature Group B	Trunk-side originating and terminating LATA access for which an originating subscriber dials a 950-WXXX number (where W=0, 1 and XXX is the carrier access code (CAC)), which is translated to a specific XXX carrier trunk group. Optional rotary dial service and ANI may be available.
Feature Group C	Trunk-side LATA access for AT&T-Communications generally on a direct basis between each end office (EO) and an AT&T-C switching system.
Feature Group D	Also referred to as equal access. It is trunk-side LATA access affording call supervision of an interexchange carrier, a uniform access code (10XXXXX), optional calling party identification, recording of access-charge billing details and presubscription to a customer specified interexchange carrier.
FX-IN	A nonswitched service where the customer of the company is connected to and receives switching service through central office equipment located in another exchange area.
FX-OUT	A switched service where facilities are provided from the central office out to the exchange boundary where it meets the line from a foreign exchange subscriber.
Host Switching System	A switching system that provides centralized control over most of the switching functions of one or more remote switching units. The host switching system usually provides trunk access to the operating company intraLATA networks.
Local Access Transport Area (LATA)	A geographic area within which an operating company may offer its telecommunications services.
Mobile Telephone	A service which provides radio telephone communication from a mobile vehicle to another vehicle or to a regular telephone.
Paging	A service which provides one-way signal or voice communication over a radio channel to a miniature receiver carried by the customer.
Pair	Two wires of a single circuit.
Pay Station	A telephone which normally requires all users to deposit one or more coins or use a credit card to complete a call.
Private Line Service	Channel or circuit rented for private use and not intended to be connected to the general distribution system.
Private Branch Exchange (PBX)	A manually, or operator controlled switching system, usually on the customer's premises, which serves that customer's telephones over a common group of lines from the central office.
Radio Common Carrier (RCC)	A company which furnishes public telecommunications service using one or more radio channels.
Remote Switching Unit (RSU)	An electronic switching system that is remote from its host or control office. All of the central control equipment for the RSU is located in the host switching system.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Route Miles	<p>Total number of route miles (to the nearest mile) of operating plant facilities including drop wire in the exchange. One route mile may consist of:</p> <ol style="list-style-type: none">1. One mile of roadway with any combination of outside plant facilities on any number of rights-of-way.2. One mile of a cross country route with any combination of outside plant facilities.3. One mile of point-to-point microwave or radio link.4. One mile of plant on either side of a limited access highway or natural barrier, such as a navigable waterway.5. One mile of joint use line where the utility either owns the facility or leases space.
Stand Alone Switch	<p>A central office switch which has no remote switching units (RSUs) subtending it.</p>
Trunk	<p>A communications path connecting two switching systems in the establishment of an end-to-end connection.</p>
Wide Area Telephone Service (WATS)	<p>Customer leased access line or lines connected to the nationwide network over which an unlimited number of calls can be made for a fixed monthly charge.</p>
Wire Center	<p>The location of one or more local switching systems. A point at which customers' loops converge.</p>

ABBREVIATIONS USED IN ANNUAL REPORTS

Acct	.....	Account
Accum	.....	Accumulated
Acq	.....	Acquisition
Admin	.....	Administrative
Alloc	.....	Allocation
Amort	.....	Amortization
 CO	.....	Central Office
 Depr	.....	Depreciation
 Equip	.....	Equipment
Exp	.....	Expenses
EOY	.....	End of Year
 FOY	.....	First of Year
 Info	.....	Information
ITC	.....	Investment Tax Credit
 Misc	.....	Miscellaneous
 Nonoper	.....	Nonoperating
Nonreg	.....	Nonregulated
 Oper	.....	Operating
Opns	.....	Operations
Orig	.....	Originating
 Prop	.....	Property
 Receiv	.....	Receivable
Reg	.....	Regulated
Rev	.....	Revenues
 Svcs	.....	Services
 Telecom	.....	Telecommunications
Term	.....	Terminating
TPIS	.....	Telecommunications Plant in Service
TPUC	.....	Telecommunications Plant Under Construction
 Uncoll	.....	Uncollectible

IDENTIFICATION AND OWNERSHIP

Exact Utility Name: HILLSBORO TELEPHONE CO, INC.
Utility Location: 121 MILL ST
P.O. BOX 427
HILLSBORO, WI 54634-0427

Utility Web Site Address:

When was utility organized?: 06/30/1956

Report any change in name and the effective date:

Officer in charge of correspondence concerning this report

Name: MR CHARLES HAMMER
Title: VICE PRESIDENT - MANAGER

Office Address: 121 MILL STREET
HILLSBORO, WI 54634

Fax Number: (608) 489 - 1111
Telephone Number: (608) 489 - 2100
Email Address:

Individual or firm, if other than utility employee, preparing this report

Name: MR DENNIS E. HILDEBRANDT
Title: CERTIFIED PUBLIC ACCOUNTANT
Firm: SIEPERT & CO. LLP
Office Address: 1920 WEST HART ROAD
BELOIT, WI 53511

Fax Number: (608) 364 - 8727
Telephone Number: (608) 365 - 2266
Email Address: Siepert@elknet.net

Person responsible for financial information contained in report

Name: MR CHARLES HAMMER
Title: VICE PRESIDENT - MANAGER

Office Address: 121 MILL STREET
HILLSBORO, WI 54634

Fax Number: (608) 489 - 1111
Telephone Number: (608) 489 - 2100
Email Address:

Person responsible for statistical information contained in report

Name: MR CHARLES HAMMER
Title: VICE PRESIDENT - MANAGER

Office Address: 121 MILL STREET
HILLSBORO, WI 54634

Fax Number: (608) 489 - 1111
Telephone Number: (608) 489 - 2100
Email Address:

IDENTIFICATION AND OWNERSHIP

List names, addresses, and number of shares held by persons owning 5 percent or more of outstanding voting securities. If any stock is held by a nominee, give known particulars as to the beneficial owner (See Wis. Stat. § 196.795(1)(c), for definition of beneficial owner).

Name: CARLA SHAKER
Address: 121 MILL STREET
HILLSBORO, WI 54634

Number of Shares Held: 57
Beneficial Owner: NONE

Name: EDWARD & LILLIAN HAMMER
Address: 121 MILL STREET
HILLSBORO, WI 54634

Number of Shares Held: 417
Beneficial Owner: NONE

Name: EUGENE ROCKWEILER
Address: 850 HILLSBOROUGH AVENUE
HILLSBORO, WI 54634

Number of Shares Held: 52
Beneficial Owner: NONE

Name: UNIVERSAL TELEPHONE CO.
Address: 2615 EAST AVENUE SOUTH
LA CROSSE, WI 54602

Number of Shares Held: 250
Beneficial Owner: NONE

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues (5000-5300)	1,187,155	1,077,089	1
Operating Expenses			
Plant Specific Operations Expense (6110-6410)	162,743	141,146	2
Plant Nonspecific Operations Expense	448,604	438,464	3
Customer Operations Expense (6610-6620)	130,909	131,857	4
Corporate Operations Expense (6710-6790)	228,013	217,136	5
Other Operating Income and Expense (7100)	0	0	6
Operating Taxes (7200)	104,118	59,658	7
Total Operating Expenses	1,074,387	988,261	8
Net Operating Income	112,768	88,828	9
Other Income			
Nonoperating Income and Expense (7300)	289,284	231,695	10
Nonoperating Taxes (7400)	113,385	91,189	11
Interest and Related Items (7500)	76,918	79,730	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	25,687	19,995	14
Total Nonoperating Income	124,668	80,771	15
Net Income	237,436	169,599	16

NOTES TO INCOME STATEMENT OR BALANCE SHEET

In the space provided below, disclose all material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable. Included should be:

-
1. A summary of significant accounting policies. (The summaries should disclose, but not be limited to, the utility's accounting policies with regard to pension cost, unbilled revenues, depreciation, and income taxes.)
 1. **SIGNIFICANT ACCOUNTING POLICIES:**
 - A. **TELEPHONE PLANT IS RECORDED AT ORIGINAL COST. DEPRECIATION IS COMPUTED ON THE STRAIGHT-LINE BASIS BY APPLYING A RATE TO GROUP ACCOUNT ASSETS.**
 - B. **THE COMPANY HAS ELECTED TO DEFER INCOME TAX SAVINGS EARNED BY INVESTMENT TAX CREDIT AND IS AMORTIZING THOSE OVER THE SERVICE LIFE ON WHICH THE ITC WAS GENERATED.**
 - C. **FOR INCOME TAX PURPOSES, THE COMPANY UTILIZES ACCELERATED METHODS FOR DEPRECIATION. THE INCOME TAX SAVINGS ON THESE TIMING DIFFERENCES HAS BEEN NORMALIZED THROUGH INCOME TAX EXPENSE.**
 - D. **THE COMPANY HAS A DEFINED CONTRIBUTION PENSION PLAN WHICH IS ADMINISTERED BY A TRUSTEE AND COVERS ALL ELIGIBLE EMPLOYEES. PENSION PLAN EXPENSE FOR 1998 AMOUNTED TO \$37,024.**
 2. A summary of significant contingent assets and liabilities existing at year end, including a brief explanation of any action initiated by the Internal Revenue Service, Wisconsin Department of Revenue, or the utility involving a possible assessment or refund of taxes.
 3. The notes should include an explicit and precise explanation of any retained earnings restrictions and should state the amount of retained earnings affected by such restrictions.
-

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT ASSETS			
CASH AND EQUIVALENTS			
Cash and Equivalents (1120)*	531,359	604,300	1
Cash (1130)			2
Special Cash Deposits (1140)			3
Working Cash Advances (1150)			4
Temporary Investments (1160)			5
TOTAL CASH AND EQUIVALENTS	531,359	604,300	
RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	87,734	82,610	6
Accounts Receivable Allowance-Telecom (1181)*			7
Net: Telecommunications Accounts Receivable	87,734	82,610	
Other Accounts Receivable (1190)*	157,265	22,085	8
Accounts Receivable Allowance--Other (1191)*			9
Net: Other Accounts Receivable	157,265	22,085	
Notes Receivable (1200)*	0	0	10
Notes Receivable Allowance (1201)*	0	0	11
Net: Notes Receivable	0	0	
Interest and Dividends Receivable (1210)*	2,714	1,376	12
TOTAL RECEIVABLES AND ALLOWANCES FOR DOUBTFUL	247,713	106,071	
SUPPLIES			
Inventories (1220)*	40,435	15,260	13
TOTAL SUPPLIES	40,435	15,260	
PREPAYMENTS			
Total Prepayments (1280)*	15,212	13,706	14
Prepaid Rents (1290)			15
Prepaid Taxes (1300)			16
Prepaid Insurance (1310)			17
Prepaid Directory Expenses (1320)			18
Other Prepayments (1330)			19
TOTAL PREPAYMENTS	15,212	13,706	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*			20
TOTAL OTHER CURRENT ASSETS	0	0	
TOTAL CURRENT ASSETS	834,719	739,337	
NONCURRENT ASSETS			
INVESTMENTS			
Investment in Affiliated Companies (1401)*	122,000	122,000	21
Investments in Nonaffiliated Companies (1402)*	0	0	22
Nonregulated Investments (1406)*	95,145	67,388	23
Unamortized Debt Issuance Expense (1407)*	10,641	1,746	24
Sinking Funds (1408)*	0	0	25

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
NONCURRENT ASSETS			
INVESTMENTS			
Other Noncurrent Assets (1410)*	613,195	607,195	26
TOTAL INVESTMENTS	840,981	798,329	
DEFERRED CHARGES			
Deferred Tax Regulatory Asset (1437)*	0	0	27
Deferred Maintenance and Retirements (1438)*	0	0	28
Deferred Charges (1439)*		12,198	29
TOTAL DEFERRED CHARGES	0	12,198	
TOTAL NONCURRENT ASSETS	840,981	810,527	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	4,350,181	4,278,240	30
Less: Accumulated Depreciation (3100)*	2,968,682	2,665,112	31
Less: Accumulated Amortization--Capitalized Leases (3410)*			32
Less: Accumulated Amortization--Leasehold Improvements (3420)*			33
Less: Accumulated Amortization--Intangible (3500)*			34
NET TELECOMMUNICATIONS PLANT IN SERVICE	1,381,499	1,613,128	
PROPERTY HELD FOR FUTURE USE			
Prop. Held for Future Telecommun. Use (2002)*	20,655	20,655	35
Less: Accumulated Depreciation--Held for Future Telecommunications Use (3200)*			36
NET PROPERTY HELD FOR FUTURE USE	20,655	20,655	
NONOPERATING PLANT			
Nonoperating Plant (2006)*	11,031	11,031	37
Less: Accumulated Depreciation--Nonoperating (3300)*	7,474	7,117	38
NET NONOPERATING PLANT	3,557	3,914	
TPUC			
TPUC (2003)*	583,665	3,480	39
TOTAL TPUC	583,665	3,480	
TELECOMMUNICATIONS PLANT ADJUSTMENT			
Telecommunications Plant Adjustment (2005)*			40
Less: Accumulated Amortization--Other (3600)*			41
NET TELECOMMUNICATIONS PLANT ADJUSTMENT	0	0	
TOTAL PLANT	1,989,376	1,641,177	
TOTAL ASSETS AND OTHER DEBITS*	3,665,076	3,191,041	

BALANCE SHEET - LIABILITIES (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts Payable (4010)*	71,079	62,425	1
Notes Payable (4020)*	150,000	0	2
Advance Billing and Payments (4030)*	148,495	993	3
Customer Deposits (4040)*	3,300	3,510	4
Current Maturities--Long-Term Debt (4050)*	71,600	0	5
Current Maturities--Capital Leases (4060)*			6
Income Taxes--Accrued (4070)*	71,895	7,681	7
Other Taxes--Accrued (4080)*	(6,078)	(11,351)	8
Net Current Deferred Operating Income Taxes (4100)*	0	0	9
Net Current Deferred Nonoperating Income Taxes (4110)*			10
Other Accrued Liabilities (4120)*	7,858	7,835	11
Other Current Liabilities (4130)*			12
TOTAL CURRENT LIABILITIES*	518,149	71,093	
LONG-TERM DEBT			
Funded Debt (4210)*	1,452,250	1,556,216	13
Premium on Long-Term Debt (4220)*			14
Discount on Long-Term Debt (4230)*			15
Reacquired Debt (4240)*	0	0	16
Obligations Under Capital Leases (4250)*			17
Advances from Affiliated Companies (4260)*	0	0	18
Other Long-Term Debt (4270)*	0	0	19
TOTAL LONG-TERM DEBT*	1,452,250	1,556,216	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities (4310)*			20
Unamortized Operating ITC--Net (4320)*	16,694	21,749	21
Unamortized Nonoperating ITC--Net (4330)*			22
Net Noncurrent Deferred Operating Income Taxes (4340)*	(22,029)	24,336	23
Net Deferred Tax Liability Adjustments (4341)*	0	0	24
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	(250,796)	(197,639)	25
Other Deferred Credits (4360)*			26
Deferred Tax Regulatory Liability (4361)*	11,431	11,431	27
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS*	(244,700)	(140,123)	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	108,900	108,900	28
Additional Paid-in Capital (4520)*			29
Treasury Stock (4530)*	5,300	5,300	30
Other Capital (4540)*			31
Retained Earnings (4550)*	1,835,777	1,600,255	32
TOTAL STOCKHOLDERS' EQUITY*	1,939,377	1,703,855	
TOTAL LIABILITIES AND OTHER CREDITS*	3,665,076	3,191,041	

STATEMENT OF CASH FLOWS

Item (a)	Amount (b)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	241,738	1
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	364,453	2
Interest during construction	0	3
Changes in assets and liabilities:		
Current assets (net)	(168,323)	4
Other noncurrent assets	6,102	5
Other current liabilities	225,456	6
Other liabilities and deferred credits	(104,577)	7
Other (specify):		
TOTAL ADJUSTMENTS	323,111	
NET CASH PROVIDED BY OPERATING ACTIVITIES (NET INCOME & ADJUST.)	564,849	
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures:		
Changes in plant (net)	(712,652)	8
Investments in affiliated companies	0	9
Nonoperating Investments	(27,757)	10
Other (specify):		
NET CASH USING IN INVESTING ACTIVITIES	(740,409)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in capital lease obligations (net)	0	11
Change in long-term debt (net)	(41,165)	12
Net changes in stockholder equity other than retained earnings	0	13
Change in short term borrowing (net)	150,000	14
Dividends paid	(6,216)	15
Miscellaneous debits/credits to retained earnings	0	16
Other (specify):		
Net Cash Provided by Financing Activities	102,619	
NET INCREASE IN CASH AND CASH EQUIVALENTS	(72,941)	
Cash and cash equivalents at beginning of year (Accts. 1130-1160 for Class A; 1120 for Class B)		
Cash and cash equivalents at end of year (Accts. 1130-1160 for Class A; 1120 for Class B)		

IMPORTANT CHANGES DURING THE YEAR

-
1. Give the name and address of all companies which during the year came under the direct control of the respondent otherwise than through title to securities, stating whether such control is sole or joint, how control was established, names of other parties to a joint agreement for control, the extent of control exercised by each party, and any other pertinent data requisite to a clear understanding of the arrangements relating to control (See Section 32.9000 of the Uniform System of Accounts). Where important details relating to control of a company have changed, give particulars. If during the year a company ceased to be controlled by the respondent, its name and a statement of fact will be sufficient.

NONE

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2. Give the name and address of all companies which during the year came under the indirect control of the respondent through non-reporting intermediaries, stating whether such control is sole or joint, how control was established, names of other parties to a joint agreement for control, the extent of control exercised by each party, the name and address of the intermediary through which the indirect control exists, and any other pertinent data requisite to a clear understanding of the arrangements relating to control (See Section 32.9000 of the Uniform System of Accounts). Where important details relating to control of a company have changed, give particulars. If during the year a company ceased to be controlled by the respondent, its name and a statement of fact will be sufficient.

NONE

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3. Important leaseholds acquired, given, assigned or surrendered, giving effective dates, lengths of terms, names of parties, rents, and other conditions.

NONE

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4. List extension of system (other than additions supplementing existing facilities of the respondent) whether by purchase, construction, donation, or otherwise, such as a substantially complete telephone system, exchange or toll line. Give the location, new territory covered, and dates of beginning operation, and in case of purchase give also the name and address of the company from which purchased, date of acquisition, the consideration given, and reference to Commission authorization.

NONE

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5. Estimated increase or decrease in annual revenues due to important rate changes, giving bases of estimates.

NONE

-
6. Obligation incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, excluding ordinary commercial paper maturing on demand or not later than one year after date of issue.

NONE

-
7. Changes in articles of incorporation or amendments to charter.

NONE

-
8. Additional matters of fact (not elsewhere provided for) which respondent may desire to include in its report.

NONE

AFFILIATE ABBREVIATIONS

In column (b) provide the abbreviation for the name of the affiliate shown in column (a). Limit abbreviations to 10 characters or less. Use these abbreviations when completing the affiliated interest schedules. Insert "Other" in the Abbreviations column if the activity to be reported for a particular record in the Affiliated Interest Transactions or Affiliated Assets and Liabilities schedule represents an aggregation of activity not exceeding the dollar or percentage limits set forth in the header of that schedule.

Name of Affiliate (a)	Abbreviations (b)	
COMPUTER SYSTEMS, LLC	CS	1

AFFILIATED INTEREST TRANSACTIONS

Provide a summary of transactions under established affiliated interest contracts and arrangements (see Wis. Stat. § 196.52, for "affiliated interest" definitions). Use the space below to report transactions with individual affiliates and multiple affiliated interest agreements or, at the utility's option, with individual affiliates and a single agreement. Activity associated with affiliated contracts or arrangements not in excess of \$25,000 or 5 percent of the equity of the utility, whichever is smaller, may be aggregated in a single record. For utilities whose intrastate gross operating revenues of the previous year exceeded \$100,000,000, individual contracts or arrangements not exceeding \$100,000 may be aggregated in a single record. Where an affiliate is both providing and receiving service use one record to show billings to and a second record for billings from. When billings to or from an affiliate are recorded on the books of the utility, the records underlying such billings shall be sufficient to show all the detail maintained to identify the associated accounts related to the billing and categorize billings according to the account categories shown below.

Particulars	(a)	(b)	(c)	(d)	(e)	
Docket		2560-AT-000100				
Name of Affiliate		CS				1
Designate whether billed to or from:		FROM				2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)		M				3
Revenues						4
Expenses:						
Plant Specific Operations Expense						5
Plant Nonspecific Operations Expense						6
Customer Operations Expense						7
Corporate Operations Expense						8
Total Operating Expenses		0	0	0	0	9
Other:						
Plant Accounts						10
Accumulated Depreciation						11
Accumulated Amortization						12
Clearing						13
All Other		56,278				14
Total		56,278	0	0	0	15
Percent of affiliate's business billed to all affiliated regulated utilities		57.30				16
If cost based, rate of return on equity or markup incorporated in billings						17
Footnotes		H				

AFFILIATED ASSETS AND LIABILITIES

This schedule should be used to report affiliated activity concerning balances at the end of the year for the following accounts: 1120, Cash and Equivalents; 1160, Temporary Investments; 1180, Telecommunications Accounts Receivable; 1190, Other Accounts Receivable; 1210, Interest and Dividends Receivable; 1401, Investment in Affiliated Companies; 4010, Accounts Payable; and 4260, Advances from Affiliated Companies. Amounts at the end of the year for each affiliate should be identified by respective affiliate and account number. Report information below consecutively by respective account number; affiliated amounts of less than \$5,000 may be reported in aggregate as "other" for a particular account. Affiliated amounts recorded in accounts 1200, Notes Receivable, 1408, Sinking Funds, and 4020, Notes Payable, should not be reported in this schedule, but rather in the respective schedules contained elsewhere in this report.

Name of Affiliate (a)	Account Number (b)	Balance EOY (c)	
COMPUTER SYSTEMS, LLC	1401	122,000	1

ACCOUNTS RECEIVABLE NET WRITE OFFS - TELECOMMUNICATIONS

This schedule should be used to report accounts receivable net write off activity.

Particulars (a)	Amount (b)	
Collection of amounts previously written off	306	1
Uncollectibles written off during the year	11	2
Net write offs during the year	(295)	

NOTES RECEIVABLE (ACCT. 1200) AND ALLOWANCES (ACCT. 1201)

For affiliates, list by issue or note by affiliate. Other, list by issue or note by entity. Separately identify economic development loans and associated particulars.

Name of Maker and purpose (a)	Issue Date (b)	Maturity (c)	Interest Rate (d)	Amount EOY (e)	Allowance Acct. 1201 (f)
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NONE

Total				<u><u>0</u></u>	<u><u>0</u></u>	1
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INVESTMENTS IN NONAFFILIATED COMPANIES (ACCT. 1402)

Name (a)	Balance EOY (b)	
RTB Class B Stock	0	1
Other:		
Total Investments in Nonaffiliated Companies	0	

NONREGULATED INVESTMENTS (ACCT. 1406)

Report below the name and end-of-year balance of total net investment and inventory (accts. 1406.10, 1406.11 and 1406.12) for each nonregulated activity. Telephone utilities not subject to dual jurisdiction should report materials and supplies held for resale in account 1406.

Name (a)	Balance EOY (b)	
Total Net Investment and Inventory (Accts. 1406.10, 1406.11, and 1406.12):		
NET INVESTMENT - LEASED EQUIPMENT	17,961	1
NET INVESTMENT - INTERNET EQUIPMENT	38,613	2
NET INVESTMENT - PUBLIC TELEPHONE EQUIPMENT	2,601	3
NET INVESTMENT - DISTANCE LEARNING EQUIPMENT	21,154	4
INVENTORY	14,816	5

DEFERRED MAINTENANCE AND RETIREMENTS (ACCT. 1438)

List items individually by Commission approval noting the date of approval.

Description of Item (a)	Balance EOY (b)
NONE	
Total	<div style="display: flex; justify-content: space-between;"> 1 <u><u>0</u></u> </div>

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
GENERAL SUPPORT ASSETS				
Land	2111	20,624		1
Motor Vehicles	2112	422,534	5,106	2
Aircraft	2113	0		3
Special Purpose Vehicles	2114	0		4
Garage Work Equipment	2115	0		5
Other Work Equipment	2116	97,901		6
Buildings	2121	222,694		7
Furniture	2122	5,472		8
Office Equipment	2123	25,104	0	9
General Purpose Computers	2124	116,446	49,921	10
TOTAL--GENERAL SUPPORT ASSETS:		910,775	55,027	
CENTRAL OFFICE ASSETS				
Analog Electronic Switching	2211	0		11
Digital Electronic Switching	2212	737,090	0	12
Electro-Mechanical Switching	2215	0	0	13
Operator Systems	2220	0		14
Radio Systems	2231	0	0	15
Circuit Equipment	2232	424,017	19,338	16
TOTAL--CENTRAL OFFICE ASSETS:		1,161,107	19,338	
INFORMATION ORIGATION/TERMINATION ASSETS				
Station Apparatus	2311	0		17
Customer Premises Wiring	2321	0		18
Large Private Branch Exchanges	2341	0		19
Public Telephone Terminal Equipment	2351	0		20
Other Terminal Equipment	2362	0		21
TOTAL--INFORMATION ORIG/TERM ASSETS:		0	0	
CABLE WIRE FACILITIES ASSETS				
Poles	2411	0		22
Aerial Cable	2421	0	0	23
Underground Cable	2422	10,912	0	24
Buried Cable	2423	2,151,674	58,459	25
Submarine Cable	2424	0	0	26
Deep Sea Cable	2425	0		27
Intrabuilding Network Cable	2426	0	0	28
Aerial Wire	2431	0		29
Conduit Systems	2441	43,334		30
TOTAL--CABLE WIRE FACILITIES ASSETS:		2,205,920	58,459	
AMORTIZABLE ASSETS				
Capital Leases	2681	0		31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2111			20,624	1
2112	19,648		407,992	2
2113			0	3
2114			0	4
2115			0	5
2116			97,901	6
2121			222,694	7
2122			5,472	8
2123	3,117	0	21,987	9
2124	37,617		128,750	10
	60,382	0	905,420	
2211			0	11
2212	0	0	737,090	12
2215	0	0	0	13
2220			0	14
2231	0	0	0	15
2232	0	0	443,355	16
	0	0	1,180,445	
2311			0	17
2321			0	18
2341			0	19
2351			0	20
2362			0	21
	0	0	0	
2411			0	22
2421	0	0	0	23
2422	0	0	10,912	24
2423	501	0	2,209,632	25
2424	0	0	0	26
2425			0	27
2426	0	0	0	28
2431			0	29
2441			43,334	30
	501	0	2,263,878	
2681			0	31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)
AMORTIZABLE ASSETS			
Leasehold Improvements	2682	0	32
Intangibles	2690	438	33
TOTAL--AMORTIZABLE ASSETS:		438	0
TOTAL TELECOM. PLANT IN SERVICE	2001	4,278,240	132,824
Less: Allocation to Nonregulated Activity - EOY	2001		34
NET REG. TOTAL TELE. PLANT IN SERV. - EOY	2001		

Explain all amounts shown in column (g).

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2682			0	32
2690			438	33
	0	0	438	
	60,883	0	4,350,181	
2001			0	34
			4,350,181	

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS)

Report telecommunications plant data for each subaccount where primary plant accounts have subclassifications. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. Any other separate accounting for telephone plant at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

Plant Subaccount (a)	Subaccount (b)	Balance FOY (c)	Additions (d)	
Office Support Equipment	2123.1	18,338		1
Company Communications Equipment	2123.2	6,766		2
Software	2212.1	0		3
Digital Switching - Central Office	2212.2	737,090		4
Digital Switching - Remote	2212.3	0		5
Step by Step Switching	2215.1	0		6
Crossbar Switching	2215.2	0		7
Satellite and Earth Station Facilities	2231.1	0		8
Other Radio Facilities	2231.2	0		9
Digital Circuit Equipment	2232.1	255,687	19,338	10
Analog Circuit Equipment	2232.2	102,539		11
Light Wave Circuit Equipment	2232.3	65,791		12
Aerial Cable - Nonmetallic	2421.1	0		13
Aerial Cable - Metallic	2421.2	0		14
Underground Cable - Nonmetallic	2422.1	0		15
Underground Cable - Metallic	2422.2	10,912		16
Buried Cable - Nonmetallic	2423.1	437,642		17
Buried Cable - Metallic	2423.2	1,714,032	58,459	18
Submarine Cable - Nonmetallic	2424.1	0		19
Submarine Cable - Metallic	2424.2	0		20
Intrabuilding Cable - Nonmetallic	2426.1	0		21
Intrabuilding Cable - Metallic	2426.2	0		22

Explain all amounts shown in column (g).

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS)
(cont.)

Subaccount (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2123.1	3,117		15,221	1
2123.2			6,766	2
2212.1			0	3
2212.2			737,090	4
2212.3			0	5
2215.1			0	6
2215.2			0	7
2231.1			0	8
2231.2			0	9
2232.1			275,025	10
2232.2			102,539	11
2232.3			65,791	12
2421.1			0	13
2421.2			0	14
2422.1			0	15
2422.2			10,912	16
2423.1			437,642	17
2423.2	501		1,771,990	18
2424.1			0	19
2424.2			0	20
2426.1			0	21
2426.2			0	22

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)	
GENERAL SUPPORT ASSETS						
Motor Vehicles	2112	344,287	15.62	29,025		1
Aircraft	2113	0				2
Special Purpose Vehicles	2114	0				3
Garage Work Equipment	2115	0				4
Other Work Equipment	2116	85,656	10.0	9,790		5
Buildings	2121	126,690	3.33	7,416		6
Furniture	2122	4,132	4.9	268		7
Office Equipment	2123	19,741	9.3999	2,222		8
General Purpose Computers	2124	75,848	26.5	32,546		9
Total-- GENERAL SUPPORT ASSETS		656,354		81,267		0
CENTRAL OFFICE ASSETS						
Analog Electronic Switching	2211	0				10
Digital Electronic Switching	2212	597,145	17.5	128,988		11
Electro-Mechanical Switching	2215	0				12
Operator Systems	2220	0				13
Radio Systems	2231	0				14
Circuit Equipment	2232	200,396	11.15	36,909		15
Total-- CENTRAL OFFICE ASSETS		797,541		165,897		0
INFORMATION ORIG/TERM ASSETS						
Station Apparatus	2311	0				16
Customer Premises Wiring	2321	0				17
Large Private Branch Exchanges	2341	0				18
Public Telephone Terminal Equipment	2351	0				19
Other Terminal Equipment	2362	0				20
Total-- INFORMATION ORIG/TERM ASSETS		0		0		0
CABLE WIRE FACILITIES ASSETS						
Poles	2411	0				21
Aerial Cable	2421	0				22
Underground Cable	2422	9,738	5.3	578		23
Buried Cable	2423	1,177,166	5.3	115,281		24
Submarine Cable	2424	0				25
Deep Sea Cable	2425	0				26
Intrabuilding Network Cable	2426	0				27
Aerial Wire	2431	0				28

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
CABLE WIRE FACILITIES ASSETS					
Conduit Systems	2441	24,313	3.3	1,430	29
Total-- CABLE WIRE FACILITIES ASSETS		1,211,217		117,289	0
Total Accumulated Depreciation	3100	2,665,112		364,453	0
Less: Allocation to Nonregulated Activity - Columns e, f and I	3100				30
Net Regulated Total Accum Depreciation - 3100					
Columns e, f and I					

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2112	19,648				353,664	1
2113					0	2
2114					0	3
2115					0	4
2116					95,446	5
2121					134,106	6
2122					4,400	7
2123	3,117				18,846	8
2124	37,617				70,777	9
	60,382	0	0	0	677,239	
2211					0	10
2212	0				726,133	11
2215	0				0	12
2220					0	13
2231	0				0	14
2232	0				237,305	15
	0	0	0	0	963,438	
2311					0	16
2321					0	17
2341					0	18
2351					0	19
2362					0	20
	0	0	0	0	0	
2411					0	21
2421	0				0	22
2422	0				10,316	23
2423	501				1,291,946	24
2424	0				0	25
2425					0	26
2426	0				0	27
2431					0	28

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2441					25,743	29
	501	0	0	0	1,328,005	
3100	60,883	0	0	0	2,968,682	
3100						30
3100						

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS)

Where subclassifications of primary plant accounts are used, report below the accumulated depreciation details for each subaccount. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. Any other separate accounting for telephone accumulated depreciation at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

Plant Subaccount (a)	Subacct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)	
Office Support Equipment	2123.1	18,338				1
Company Communications Equipment	2123.2	1,403		2,222		2
Software	2212.1	0				3
Digital Switching - Central Office	2212.2	597,145		128,988		4
Digital Switching - Remote	2212.3	0				5
Step by Step Switching	2215.1	0				6
Crossbar Switching	2215.2	0				7
Satellite and Earth Station Facilities	2231.1	0				8
Other Radio Facilities	2231.2	0				9
Digital Circuit Equipment	2232.1	67,190		30,659		10
Analog Circuit Equipment	2232.2	102,539				11
Light Wave Circuit Equipment	2232.3	30,667		6,250		12
Aerial Cable - Nonmetallic	2421.1	0				13
Aerial Cable - Metallic	2421.2	0				14
Underground Cable - Nonmetallic	2422.1	0				15
Underground Cable - Metallic	2422.2	9,738		578		16
Buried Cable - Nonmetallic	2423.1	73,072		23,197		17
Buried Cable - Metallic	2423.2	1,104,094		92,084		18
Submarine Cable - Nonmetallic	2424.1	0				19
Submarine Cable - Metallic	2424.2	0				20
Intrabuilding Cable - Nonmetallic	2426.1	0				21
Intrabuilding Cable - Metallic	2426.2	0				22

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS) (cont.)

Subacct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2123.1	3,117				15,221	1
2123.2					3,625	2
2212.1					0	3
2212.2					726,133	4
2212.3					0	5
2215.1					0	6
2215.2					0	7
2231.1					0	8
2231.2					0	9
2232.1					97,849	10
2232.2					102,539	11
2232.3					36,917	12
2421.1					0	13
2421.2					0	14
2422.1					0	15
2422.2					10,316	16
2423.1					96,269	17
2423.2	501				1,195,677	18
2424.1					0	19
2424.2					0	20
2426.1					0	21
2426.2					0	22

NET DEFERRED OPERATING INCOME TAXES (ACCT. 1350, 1410, 1437, 4100, 4340, 4341 & 4361)

This schedule should be used to report the deferred operating income tax portion of the stated accounts. In addition, column (e) of this schedule should be used to report the flowback of property related excess deferred taxes (e.g., 46 percent versus 34 percent federal tax rates). Credit amounts should be shown in ().

Particulars (a)	Balance FOY (b)	
PROPERTY RELATED		
Other Current Assets (1350)	0	1
Other Noncurrent Assets (1410)	0	2
Deferred Tax Regulatory Asset (1437)	0	3
Net Current Deferred Operating Income Taxes (4100)	0	4
Net Noncurrent Deferred Operating Income Taxes (4340)	(31,040)	5
Net Deferred Tax Liability Adjustments (4341)	0	6
Deferred Tax Regulatory Liability (4361)	(13,360)	7
Net Property Related Deferred Operating Income Taxes	(44,400)	
Less: Allocation to Nonregulated Activity	0	8
Net Regulated Total Property Related Deferred Operating Income Taxes	(44,400)	
NONPROPERTY RELATED		
Other Current Assets (1350)	0	9
Other Noncurrent Assets (1410)	0	10
Deferred Tax Regulatory Asset (1437)	0	11
Net Current Deferred Operating Income Taxes (4100)	0	12
Net Noncurrent Deferred Operating Income Taxes (4340)	6,704	13
Net Deferred Tax Liability Adjustments (4341)	0	14
Deferred Tax Regulatory Liability (4361)	1,929	15
Total Nonproperty Related Deferred Operating Income Taxes	8,633	

NET DEFERRED OPERATING INCOME TAXES (ACCT. 1350, 1410, 1437, 4100, 4340, 4341 & 4361) (cont.)

Acct (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance EOY (g)	
7250				0	1
7250				0	2
				0	3
7250				0	4
7250		(46,365)		15,325	5
				0	6
				(13,360)	7
	0	(46,365)	0	1,965	
				0	8
	0	(46,365)	0	1,965	
7250				0	9
7250				0	10
				0	11
7250				0	12
7250				6,704	13
				0	14
				1,929	15
	0	0	0	8,633	

NOTES PAYABLE (ACCT. 4020)

For affiliate, list note by affiliate. For a particular affiliate, the identical affiliate name, as shown in the Affiliate Abbreviations schedule, should be reported in this schedule. For other, list by note by entity.

Name (a)	Issue Date (b)	Maturity (c)	Interest Rate (d)	Balance EOY (e)	
Other:					
FARMERS STATE BANK	12/17/1998	04/16/1999	8.5000	150,000	1
Total Other				150,000	
Total Notes Payable				150,000	

LONG-TERM DEBT

Report data requested and show total for each long-term debt account at end of year. Information concerning the following debt issues may be reported on individual lines in aggregate: REA/RTB 2%, REA/RTB 5%, & REA/RTB 7%. In addition, REA/RTB and FFB debt, respectively, within a range of 200 basis points may also be reported in aggregate on individual lines. If reported in aggregate, a range of dates may be reported in columns (b) and (c) as well as a range of interest rates in column (d) and a composite interest rate in column (e). If aggregation is not utilized, column (e) should contain the same interest rate as reported in column (d). For account 4050 report only the amount of debt anticipated to be repaid in one year or less.

Description of Debt (a)	Specific or Range of Stated Dates of Issue (b)	Specific or Range of Stated Dates of Maturity (c)	Specific or Range of Interest Rates (d)	
Funded Debt (Account 4210):				
RUS Mortgage Notes	12/20/1974	12/20/2009	5.0000	1
Total Funded Debt				

LONG-TERM DEBT (cont.)

Composite Interest Rate (e)	Held by Utility		Total Principal EOY (h)	Current Maturities Included in Acct. 4050 (i)	Total Amount Outstanding (j)	
	Reacquired Debt Acct. 4240 (f)	Sinking Funds Acct. 1408 (g)				
5.0000			1,452,250	71,600	1,523,850	1
	0	0	1,452,250	71,600	1,523,850	

CAPITAL STOCK ACCOUNTS AT END OF YEAR

In column (a) indicate the stated dividend rate applicable to each series of preferred stock.

Class and Series (a)	Shares Authorized by Charter (b)	Par Value per Share (c)	Call Price End of Year (d)
COMMON STOCK:			
Treasury Stock		100.00	1
Common Stock	1,100	100.00	2
TOTAL COMMON STOCK	1,100		
TOTAL	<u>1,100</u>		

CAPITAL STOCK ACCOUNTS AT END OF YEAR (cont.)

	Acct. 4510 - Capital Stock		Acct. 4530 - Treasury Stock		
	Shares	Amount	Shares	Amount	
	(e)	(f)	(g)	(h)	
COMMON STOCK:					
Treasury Stock			53	5,300	1
Common Stock	1,089	108,900			2
	1,089	108,900	53	5,300	
TOTAL	1,089	108,900	53	5,300	

RETAINED EARNINGS (ACCT. 4550)

Particulars (a)	This Year (b)	Last Year (c)	
Balance-First of Year	1,600,255	1,436,867	1
Changes:			
Balance Transferred from Income	241,738	169,599	2
Dividends Declared:			
Common	6,216	6,216	3
Preferred			4
Total Dividends Declared	6,216	6,216	
Miscellaneous Debits to Retained Earnings			5
Miscellaneous Credits to Retained Earnings		5	6
Balance--End of Year	<u>1,835,777</u>	<u>1,600,255</u>	

DISTRIBUTION OF TAXES

1. Report hereunder the summary accounts and functions charged with taxes accrued during the year.
2. Where allocation is necessary, explain the basis used.
3. Report in a footnote the amounts and kind of taxes cleared from prepaid taxes, if any.

Summary Account/ Function Charged (a)	Wisconsin License Fee (b)	Wisconsin Income Tax (c)	Federal Income Tax (d)	
Operating Taxes (Accts. 7210 - 7250)	68,499	7,933	26,261	1
Nonoperating Taxes (Accts. 7410 - 7450)		23,969	89,416	2
Extraordinary Items (Accts. 7630 & 7640)				3
Nonregulated Net Income (Acct. 7990)		4,643	17,415	4
Clearing Accounts				5
Construction				6
Payroll Taxes: FICA				7
Payroll Taxes: State Unemployment				8
Payroll Taxes: Federal Unemployment				9
Other (specify):				
TOTAL	<u>68,499</u>	<u>36,545</u>	<u>133,092</u>	

DISTRIBUTION OF TAXES (cont.)

PSC Remainder Assessment (e)	Local Property Tax (f)	State & Local Taxes Other than Wisconsin (g)	Other Taxes (h)	Payroll Taxes (i)	Total (j)	
1,425					104,118	1
					113,385	2
					0	3
					22,058	4
					0	5
					0	6
				22,393	22,393	7
				93	93	8
				424	424	9
1,425	0	0	0	22,910	262,471	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
LOCAL NETWORK SERVICES REVENUES			
Basic Local Service Revenue (5000)*	408,154	371,691	1
Basic Area Revenue (5001)			2
Optional Extended Area Revenue (5002)			3
Cellular Mobile Revenue (5003)			4
Other Mobile Services Revenue (5004)			5
Public Telephone Revenue (5010)			6
Local Private Line Revenue (5040)			7
Customer Premises Revenue (5050)			8
Other Local Exchange Revenue (5060)			9
Other Local Exchange Revenue Settlements (5069)			10
TOTAL BASIC LOCAL SERVICE REVENUE (5000)	408,154	371,691	
NETWORK INTERSTATE ACCESS SERVICES REV.			
End User Revenue (5081)*	77,518	75,514	11
Switched Access Revenue (5082)*	331,634	307,229	12
Special Access Revenue (5083)*			13
TOTAL INTERSTATE ACCESS REVENUES (5080)	409,152	382,743	
NETWORK INTRASTATE ACCESS SERVICES REV.			
End User Revenue (5084.1)*			14
Switched Access Revenue (5084.2)*	291,836	255,069	15
Special Access Revenue (5084.3)*			16
TOTAL INTRASTATE ACCESS REVENUES (5084)	291,836	255,069	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*	609	658	17
Long Distance Inward-Only Revenue (5111)			18
Long Distance Outward-Only Revenue (5112)			19
Unidirectional Long Distance Revenue (5110)	0	0	
Long Distance Private Network Revenues			
Subvoice Grade Revenue (5121)			20
Voice Grade Revenue (5122)			21
Audio Program Grade Revenue (5123)			22
Video Program Grade Revenue (5124)			23
Digital Transmission Revenue (5125)			24
Switching Revenue (5126)			25
Other Revenue (5128)			26
Other Revenue Settlements (5129)			27
Total Long Distance Private Network Revenue	0	0	
Other Long Distance Revenue (5160)			28
Other Long Distance Revenue Settlements (5169)			29
TOTAL LONG DISTANCE NET. SERVICES MESSAGE REV.	609	658	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
MISCELLANEOUS REVENUES			
Directory Revenue (5230)*	9,013	7,153	30
Rent Revenue (5240)*			31
Corporate Operations Revenue (5250)*			32
Miscellaneous:			
Miscellaneous Revenue (5260)*	8,776	10,740	33
Special Billing Arrangements Revenue (5261)			34
Customer Operations Revenue (5262)			35
Plant Operations Revenue (5263)			36
Other Incidental Regulated Revenue (5264)			37
Other Revenue Settlements (5269)			38
Total Miscellaneous Revenue (5260)	8,776	10,740	
Interstate Billing and Collection Revenue*	11,923	14,084	39
Intrastate Billing and Collection Revenue*	47,397	42,828	40
Total Carrier Billing and Collection Revenue (5270)*	59,320	56,912	
Nonregulated Operating Revenue (5280)**			41
TOTAL MISCELLANEOUS REVENUES	77,109	74,805	
GROSS OPERATING REVENUES	1,186,860	1,084,966	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*	(295)	7,877	42 A
Uncollectible Revenue--Telecommunications (5301)			43
Uncollectible Revenue--Other (5302)			44
TOTAL UNCOLLECTIBLE REVENUE (5300)	(295)	7,877	
TOTAL OPERATING REVENUES	1,187,155	1,077,089	

** Account 5280 is to be used only by those companies subject to dual jurisdiction.

EXPENSE MATRIX - CLASS A & B

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)	
PLANT SPECIFIC OPERATIONS EXPENSE				
Total Network Support Expense (6110)	0	0		1
Less: Nonregulated	0	0		2
Net Regulated	0	0	0	3
Total General Support Expense (6120)	41,403	55,777		4
Less: Nonregulated	0	0		5 B
Net Regulated	41,403	55,777	0	6
Total Central Office Switching Expense (6210)	52,100	42,667		7
Less: Nonregulated	0	0		8
Net Regulated	52,100	42,667	0	9
Total Operator Systems Expense (6220)	0	0		10
Less: Nonregulated	0	0		11
Net Regulated	0	0	0	12
Total Central Office Transmission Expenses (6230)	4,911	10,244		13
Less: Nonregulated	0	0		14 C
Net Regulated	4,911	10,244	0	15
Total Information Orig. / Term. Expense (6310)	94	0		16
Less: Nonregulated	0	0		17
Net Regulated	94	0	0	18
Total Cable and Wire Fac. Expense (6410)	42,638	54,055		19
Less: Nonregulated	0	0		20 D
Net Regulated	42,638	54,055	0	21
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	141,146	162,743	0	
Less: Nonregulated	0	0	0	
Net Regulated	141,146	162,743	0	
PLANT NONSPECIFIC OPERATIONS EXPENSE				
Total Other Property, Plant and Equip. Exp. (6510)	155	0	0	22
Less: Nonregulated	0	0		23
Net Regulated	155	0	0	24
Total Network Operations Expense (6530)	84,380	80,052		25
Less: Nonregulated	0	0		26
Net Regulated	84,380	80,052	0	27
Access Expense (6540)	0	1,948		28
Less: Nonregulated	0	0		29
Net Regulated	0	1,948	0	30
Total Depreciation and Amortization Expense (6560)	355,026	364,453		31
Less: Nonregulated	1,097	2,151		32
Net Regulated	353,929	362,302		33
TOTAL PLANT NONSPECIFIC OPERATIONS EXP.	439,561	446,453	0	
Less: Nonregulated	1,097	2,151	0	
Net Regulated	438,464	444,302	0	

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6110					1
	0	0	0	0	2
6120			55,777		3
	0	0	55,777	0	4
6210			42,667		5 B
	0	0	42,667	0	6
6220					7
	0	0	0	0	8
6230			10,244		9
	0	0	10,244	0	10
6310					11
	0	0	0	0	12
6410			54,055		13
	0	0	54,055	0	14 C
	0	0	162,743	0	15
	0	0	0	0	16
	0	0	162,743	0	17
6510	0	0	0	0	18
					19
6530			80,052		20 D
	0	0	80,052	0	21
6540			1,948		22
	0	0	1,948	0	23
6560			364,453		24
			2,151		25
			362,302		26
	0	0	446,453	0	27
	0	0	2,151	0	28
	0	0	444,302	0	29
					30
					31
					32
					33

EXPENSE MATRIX - CLASS A & B

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)
CUSTOMER OPERATIONS EXPENSE			
Total Marketing (6610)	306	621	34
Less: Nonregulated	0	0	35
Net Regulated	306	621	0 36
Total Services (6620)	131,551	130,288	37
Less: Nonregulated	0	0	38
Net Regulated	131,551	130,288	0 39
TOTAL CUSTOMER OPERATIONS EXPENSE	131,857	130,909	0
Less: Nonregulated	0	0	0
Net Regulated	131,857	130,909	0
CORPORATE OPERATIONS EXPENSE			
Total Exec. and Planning (6710)	66,158	69,394	40
Less: Nonregulated	0	0	41
Net Regulated	66,158	69,394	0 42
Total General and Administrative (6720)	150,978	158,619	43
Less: Nonregulated	0	0	44
Net Regulated	150,978	158,619	0 45
Provision for Uncollectible Notes Receiv. (6790)	0	0	46
Less: Nonregulated	0	0	47 E
Net Regulated	0	0	48
TOTAL CORPORATE OPERATIONS EXPENSE	217,136	228,013	0
Less: Nonregulated	0	0	0
Net Regulated	217,136	228,013	0
TOTAL EXPENSES	929,700	968,118	0
Less: Nonregulated	1,097	2,151	0
Net Regulated	928,603	965,967	0

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6610			621		34
					35
	0	0	621	0	36
6620			130,288		37
					38
	0		130,288	0	39
	0	0	130,909	0	
	0	0	0	0	
	0	0	130,909	0	
6710			69,394		40
					41
	0		69,394	0	42
6720			158,619		43
					44
	0		158,619	0	45
6790					46
					47 E
			0		48
	0	0	228,013	0	
	0	0	0	0	
	0	0	228,013	0	
	0	0	968,118	0	
	0	0	2,151	0	
	0	0	965,967	0	

EXPENSE MATRIX - CLASS A & B (DETAIL)

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries/ Wages (d)	
Property Held for Future Tele. Use Exp. (6511)	0	0		1
Provisioning Expense (6512)	155	0		2
Total: Reported in Account 6510	155	0	0	
Depreciat. Exp.--Tele. Plant in Service (6561)	355,026	364,453		3
Depreciat. Exp.--Prop. Held for Future Tele. Use (6562)	0	0		4
Amortization Expense--Tangible (6563)	0	0		5
Amortization Expense--Intangible (6564)	0	0		6
Amortization Expense--Other (6565)	0	0		7
Total: Reported in Account 6560	355,026	364,453		

EXPENSE MATRIX - CLASS A & B (DETAIL) (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6511					1
6512					2
	0		0	0	
6561			364,453		3
6562					4
6563					5
6564					6
6565					7
			364,453		

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

Currently, cooperatives are not billed for remainder assessment, but are subject to Department of Justice and telephone relay assessments.

Description (a)	This Year (b)	
Gross Operating Revenues	1,186,860	1
Plus: Collection of amounts previously written off	306	2
Less: Uncollectibles written off during the year	11	3
Plus: Total Other Operating Income and (Expense) (7100)	0	4
Less: Nonregulated Operating Revenue (included Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify): NONE	0	8
Assessable Revenues for Remainder, Department of Justice, and Telephone Relay Assessment Purposes	<u>1,187,155</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	408,154	1
Plus: Total Intrastate Access Revenues (5084)	291,836	2
Plus: Total Long Distance Network Services Revenue	609	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus (or Less) Other (please specify): NONE	0	5
Assessable Revenues for Universal Service Fund Assessment Purposes	<u>700,599</u>	

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

Currently, cooperatives are not billed for remainder assessment, but are subject to the telephone relay assessment.

Description (a)	This Year (b)	
Gross Operating Revenues	1,186,860	1
Plus: Collection of amounts previously written off	306	2
Less: Uncollectibles written off during the year	11	3
Plus: Total Other Operating Income and (Expense) (7100)	0	4
Less: Nonregulated Operating Revenue (included Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify): NONE	0	8
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	<u>1,187,155</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	408,154	1
Plus: Total Intrastate Access Revenues (5084)	291,836	2
Plus: Total Long Distance Network Services Revenue	609	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus (or Less) Other (please specify): NONE	0	5
Assessable Revenues for Universal Service Fund Assessment Purposes	<u>700,599</u>	

OTHER INCOME ACCOUNTS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
OTHER OPERATING INCOME AND EXPENSE			
Income from Custom Work (7110)*			1
Return from Nonregulated Use of Regulated Facilities (7130)*			2
Gains and (Losses) from Foreign Exchange (7140)			3
Gains or (Losses) from the Disposition of Land and Artworks (7150)			4
Other Operating Gains and (Losses) (7160)*			5
TOTAL OTHER OPERATING INCOME AND (EXPENSE) (7100)*	0	0	
OPERATING TAXES			
Operating Investment Tax Credits--Net (7210)*	(5,055)	(5,265)	6
Operating Federal Income Taxes (7220)*	70,853	40,058	7
Operating State and Local Income Taxes (7230)*	14,761	8,907	8
Operating Other Taxes (7240)*	69,924	63,950	9
Provision for Deferred Operating Income Taxes--Net (7250)*	(46,365)	(47,992)	10
TOTAL OPERATING TAXES (7200)*	104,118	59,658	
NONOPERATING INCOME AND EXPENSE			
Dividend Income (7310)*			11
Interest Income (7320)*	39,348	19,974	12
Income from Sinking and Other Funds (7330)*			13
Allowance for Funds Used During Construction (7340)*			14
Gains or (Losses) from the Disposition of Certain Property (7350)*			15
Other Nonoperating Income (7360)*	250,036	221,148	16
Special Charges (7370)*	100	9,427	17
TOTAL NONOPERATING INCOME AND EXPENSE (7300)*	289,284	231,695	
NONOPERATING TAXES			
Nonoperating Investment Tax Credits--Net (7410)*			18
Nonoperating Federal Income Taxes (7420)*	147,048	71,804	19
Nonoperating State and Local Income Taxes (7430)*	39,324	19,385	20
Nonoperating Other Taxes (7440)*			21
Provision for Deferred Nonoperating Income Taxes-Net (7450)*	(72,987)		22
TOTAL NONOPERATING TAXES (7400)*	113,385	91,189	
INTEREST AND RELATED ITEMS			
Interest on Funded Debt (7510)*	75,942	79,408	23
Interest Expense--Capital Leases (7520)*			24
Amortization of Debt Issuance Expense (7530)*	96	96	25
Other Interest Deductions (7540)*	880	226	26
TOTAL INTEREST AND RELATED ITEMS (7500)*	76,918	79,730	
EXTRAORDINARY ITEMS			
Extraordinary Items (7600)*			27
Extraordinary Income Credits (7610)			28
Extraordinary Income Charges (7620)			29
Current Income Tax Effect of Extraordinary Items--Net (7630)			30
Provision for Deferred Income Tax Effect of Extraordinary Items--Net (7640)			31
TOTAL EXTRAORDINARY ITEMS (7600)*	0	0	
NONREGULATED NET INCOME			
Nonregulated Net Income (7990)*	25,687	19,995	32

NONREGULATED NET INCOME (ACCT. 7990)

Particulars (a)	Amount (b)	
Revenues (Acct. 7990.1)		
Gross Sales	139,069	1
Less: Cost of Goods Sold	28,533	2
Net Sales	110,536	3
Expenses (Acct. 7990.2)	84,849	4
Nonregulated Net Income	<u>25,687</u>	5

List the type of nonregulated activities that company is involved in:

SALES OF TERMINAL EQUIPMENT
 LEASING AND REPAIR OF TELECOMMUNICATION EQUIPMENT
 MAINTENANCE OF CUSTOMER OWNED EQUIPMENT
 PROVIDE INTERNET SERVICES TO CUSTOMERS
 PROVIDE PAYPHONE SERVICES TO CUSTOMERS

If the revenues from an individual nonregulated activity represent in excess of 5% of the total operating revenues for the company, please provide the amounts, as requested above, for that individual activity:

INTERNET SERVICES -		
GROSS SALES		\$83,442
LESS: COST OF GOODS SOLD	33,159	
NET SALES		50,283
EXPENSES		38,598
NET INCOME		11,685

DISTRIBUTION OF SALARIES AND WAGES

Description (a)	Amount (b)	
Regulated Expense	0	1
Nonregulated Expense	8,594	2
Plant Accounts	9,933	3
Accumulated Depreciation Accounts		4
All Other Accounts	292,990	5
Total Salaries and Wages	311,517	6 F

EMPLOYEE DATA

Compensation includes wages, commissions, bonuses and any other cash allowances paid to employees.

Employee Category (a)	Number of Equivalent Full-Time Employees		Total Compensation (d)	
	FOY (b)	EOY (c)		
Officers	1.00	1.00	52,010	1
Supervision and Other Management	2.00	2.00	146,953	2
Other Employees	4.00	4.00	111,275	3
Total	7.00	7.00	310,238	

EMPLOYEE DATA

Compensation includes wages, commissions, bonuses and any other cash allowances paid to employees.

Employee Category (a)	Number of Equivalent Full-Time Employees		Total Compensation (d)	
	FOY (b)	EOY (c)		
Officers	1.00	1.00	52,010	1
Supervision and Other Management	2.00	2.00	146,953	2
Other Employees	4.00	4.00	111,275	3
Total	7.00	7.00	310,238	

TELEPHONE CALLS AND MINUTES OF USE PER MONTH

Enter average number, in thousands, of calls and minutes of use per month. The averages may be based on actual counts taken periodically during the year. Please provide level of detail available.

Item (a)	Telephone Calls (000's) (b)	Minutes of Use (000's) (c)	
LOCAL			
Intra-Exchange	132	397	1
Extended Area Service	122	685	2
Extended Community Calling	9	56	3
Other Local-Undefined			4
Total Local	263	1,138	
TOLL			
Operator Handled: State--intraLATA			5
Operator Handled: State--interLATA			6
Operator Handled: Interstate			7
Customer Dialed: State--intraLATA			8
Customer Dialed: State--interLATA			9
Customer Dialed: Interstate			10
WATS			11
Other Toll-Undefined	160	573	12 G
Total Toll	160	573	
Total Local & Toll	423	1,711	

ACCESS USAGE

Enter number, in thousands, of Billed Minutes.

Description (a)	Billed Minutes (000's)				
	Interstate InterLATA (b)	Intrastate InterLATA (c)	Intrastate IntraLATA (d)	Interstate IntraLATA (e)	
Feature Group A -- Orig.					1
Feature Group A -- Term.	2	1			2
Feature Group B -- Orig.					3
Feature Group B -- Term.					4
Feature Group C -- Orig.			1,192	1	5
Feature Group C -- Term.			1,172		6
Feature Group D -- Orig.	1,472	863	359	1	7
Feature Group D -- Term.	1,647	1,346			8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	0	1
Sheath miles of plant - buried	261	2
Sheath miles of plant - fiber optics	24	3
Strand miles of plant - fiber optics	233	4
Route miles of plant - microwave	0	5

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	0	6	1
56 kbps	1	4	2
64 kbps (DS0)	1	0	3
1.54 Mbps (DS-1)	3	5	4
45 Mbps (DS-3)	0	1	5
SONET OC-1	0	0	6
SONET OC-3	0	0	7
SONET OC-12	0	0	8
SONET OC-48	0	0	9
SONET OC-192	0	0	10

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	0	1
Sheath miles of plant - buried	261	2
Sheath miles of plant - fiber optics	24	3
Strand miles of plant - fiber optics	233	4
Route miles of plant - microwave	0	5

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	0	6	1
56 kbps	1	4	2
64 kbps (DS0)	1	0	3
1.54 Mbps (DS-1)	3	5	4
45 Mbps (DS-3)	0	1	5
SONET OC-1	0	0	6
SONET OC-3	0	0	7
SONET OC-12	0	0	8
SONET OC-48	0	0	9
SONET OC-192	0	0	10

SERVICE DATA

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Business			
1 Party	263	252	3
2 Party			4
4 Party			5
PBX Trunks/System Trunks	12	13	6
Centrex Trunks			7
Centrex Lines			8
Key System Trunks	121	137	9
Mobile (Utility Provided Service)			10
Paging (Utility Provided Service)			11
FX-Out (Switched)			12
Pay Telephone	9	9	13
Coin-Operated Pay Telephone			14
Independent Pay Telephone Provider			15
Pay Stations - Public			16
- Semi-Public			17
- Cust. Owned			18
Other			19
Total Business Lines	405	411	20
Residential (Incl. Emp. Concess.)			
1 Party	1,232	1,267	22
2 Party			23
4 Party			24
FX-Out (Switched)			25
Other			26
Total Residential Lines	1,232	1,267	27
Total Bus & Res Lines	1,637	1,678	28
Company Used Lines	7	7	29
Total Lines Used	1,644	1,685	30

SERVICE DATA (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Miscellaneous			
WATS Lines - OutWATS			3
WATS Lines - 800 Service			4
FX-In-intraLATA			5
Special Access-intraLATA			6
(expressed in equiv. access lines)	9	802	7
Special Access-interLATA			8
(expressed in equiv. access lines)	74	74	9
Feature Group A Lines			10
Feature Group B Trunks			11
Feature Group C Trunks			12
Feature Group D Trunks	47	96	13
TSPS - Trunks	7	7	14
EAS - Trunks	68	96	15
Cellular Trunks (Pub. Sw. Net.)			16
Video Distance Learning			17
- discounted (special tariff)	0	1	18
Customers			
Business - 2 Party Customers			19
Business - 4 Party Customers			20
Residential - 2 Party Customers			21
Residential - 4 Party Customers			22
Other			
Total Central Office, Info. Orig./Term., & Cable			23
Wire Fac. Assets (based on physical location of plant)			24
	3,367,027	3,444,323	25
Total Company Square Miles	114	114	26
Total Company Route Miles	8	8	27
Footnotes		I	28
			29
			30

SERVICE DATA - END OF YEAR

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	2370				1
Business					2
1 Party	252				3
2 Party					4
4 Party					5
PBX Trunks/System Trunks	13				6
Centrex Trunks	---CONF---				7
Centrex Lines					8
Key System Trunks	137				9
Mobile (utility provided service)					10
Paging (utility provided service)					11
FX-Out (Switched)					12
Pay Telephone	9				13
Coin-Operated Pay Telephone					14
Independent Pay Telephone Provider					15
Pay Stations - Public					16
- Semi-Public					17
- Cust. Owned					18
Other					19
Total Business Lines	411	0	0	0	20
Residential (Incl. Emp. Concess.)					21
1 Party	1,267				22
2 Party					23
4 Party					24
FX-Out (Switched)					25
Other					26
Total Residential Lines	1,267	0	0	0	27
Total Bus & Res Lines	1,678	0	0	0	28
Company Used Lines	7				29
Total Lines Used	1,685	0	0	0	30

SERVICE DATA - END OF YEAR (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	2370				1
Miscellaneous					2
WATS Lines - OutWATS					3
WATS Lines - 800 Service					4
FX-In-intraLATA					5
Special Access-intraLATA					6
(equiv. access lines)	802				7
Special Access-interLATA					8
(equiv. access lines)	74				9
Feature Group A Lines					10
Feature Group B Trunks					11
Feature Group C Trunks					12
Feature Group D Trunks	96				13
TSPS - Trunks	7				14
EAS - Trunks	96				15
Cellular Trunks (Pub. Sw. Net.)					16
Video Distance Learning					17
- discounted (special tariff)	1				18
Customers					19
Business - 2 Party Customers					20
Business - 4 Party Customers					21
Residential - 2 Party Customers					22
Residential - 4 Party Customers					23
Other					24
Exchange C.O., Info. Orig./Term., & Cable					25
Wire Fac. Assets (based on physical location of plant)	3,444,323				26
Exchange Square Miles	114				27
Exchange Route Miles	8				28
Footnotes					29
					30

MANUFACTURER ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Manufacturer Name (a)	Abbreviation (b)	
Alcatel	AL	1
ATTC	ATT	2
GTE	GTE	3
ITT	ITT	4
Lucent	ATT/LUC	5
Nippon Electric	NEC	6
Northern Telecom	NTI	7
Siemens	SI	8
Stromberg-Carlson	SC	9
VIDAR	VI	10

EQUIPMENT ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Equipment Type (a)	Abbreviation (b)	
Electromechanical	EM	1
Electronic--Analog	A	2
Electronic--Digital	D	3
Electronic--Video	V	4

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CENTRAL OFFICE DATA - END OF YEAR

When an exchange has more than one central office, data must be reported for each central office.

Description (a)	Central Off. (b)	Central Off. (c)	Central Off. (d)	Central Off. (e)	
Exchange Name	HILLSBORO				1
PSCW Exchange ID	2370				2
Central Office Name	HILLSBORO				3
PSCW Central Office ID	1				4
Manufacturer of COE (Page 54)	NTI				5
Year COE Installed	1985				6
Type of Equipment (Page 54)	D				7
(S)tandalone, (H)ost, (R)emote	S				8
Remote Host PSCW Exchange ID					9
Remote Host PSCW Central Office ID					10
COE Generic Software Release No.	411.10				11
SS7?	Yes				12
9-1-1?	No				13
Access Lines - In Use	1,644				14
- Equipped	1,661				15
- Wired	1,661				16
Trunks - In Use	320				17
- Equipped	432				18
- Wired	624				19
ISDN Available?	No				20
ISDN Lines - In Use (BRI)	0				21
- In Use (PRI)	0				22
Switched 56 Service?	No				23
Switched 56 lines in use	0				24
Digital Transmission Facilities: DS-1 - In Use	10				25
DS-3 - In Use	1				26
Advanced Data Service Available:					
Packet Switching?	No				27
SMDS?	No				28
Frame Relay?	No				29
ATM (Asynchronous Trans. Mode)?	No				30
Video Information - Service Available?	No				31
- In Use (# lines) ¹	0				32
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	28				33
No. of fiber strands working (LIT) in C.O.	8				34
No. of fiber strands for interoffice use	0				35
Miles of fiber sheath in wire center	24				36
Access Tandem Serving this C.O.:					
- C.O. Name	MADISON				37
- PSCW C.O. ID	3080-01				38
Does this C.O. do access tandem switching?	No				39
Equal Access: InterLATA (1+)?	Yes				40
Equal Access: IntraLATA (1+)?	No				41
Footnotes					42

¹ Teleco provided end-to-end facility.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

General Footnote

Response received 11/22/99

Item 1: 197 and foy 1998 payphone entries corrected.

Item 2: Response filed confidentially, CR#07233.

ele

October 26, 1999

Mr. Charles Hammer, Vice President
Hillsboro Telephone Co., Inc.
121 Mill Street
P.O. Box 427
Hillsboro, WI 54634-0427

Re: 1998 Analytical Review DWCCA-2560-ELE

Dear Mr. Hammer:

The Public Service Commission (PSC) is in the process of completing an analytical review of your utility's 1998 annual report. The purposes of an analytical review are to detect possible reporting or accounting related errors and to identify significant fluctuations from established trends in reported data not sufficiently explained in the annual report. It is our hope that our review will supply information that will enable us to better provide guidance to your utility regarding proper utility accounting and the preparation of future annual reports. In order to complete this review, we request the following information:

1. We noted that your end of year 1997 and first of year 1998 payphone lines, on the Service Data schedule, page 50, and Service Data End of Year schedule, page 52 (1997), were reported on the old, obsolete lines. We have corrected our electronic copy of the 1997 and 1998 annual reports to agree with the end of year 1998 payphone lines reported on pages 50 and 52. Please confirm that you have corrected your 1997 annual report, and first of year 1998.

2. During our review, we noted we cannot locate a response to your 1997 analytical review letter dated September 25, 1998. One matter remains relevant: Please provide the journal entry(ies) recorded on the telcos books for the transaction concerning the deregulation of payphone assets, whether transferred below-the-line or to a separate affiliate, basis of valuation and how it compared to net book value, and the date of such journal entry(ies). If you did reply, please provide a copy of your response, and we apologize for any inconvenience.

We appreciate your cooperation in providing the above information. These recommendations are intended to provide accounting assistance and should not be construed as criticisms of utility personnel. If you have any questions, please feel free to contact me at (608) 266-3768. Please respond within 30 days of this letter. If we have no questions regarding your response, you can consider the review closed.

Please note that if your response to this letter contains any data that you want to be subject to confidential treatment, you must submit a

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

confidentiality request form with your response.

Sincerely,

Elaine L. Engelke
Financial Specialist
Division of Water, Compliance, and Consumer Affairs

ELE:tlk:w:comptelco letters2560 rev letter

Schedule Footnotes

Central Office Lookup Table Footnote. Page 0

Cover Page Footnote. Page 1

Service Data Footnote. Page 50

first of year payphone lines corrected per end of year. 9/17/99 ele

Schedule Line Footnotes

- A) PAGE 40 - UNCOLLECTIBLE REVENUE - DECREASED DUE TO THE COMPANY EXPERIENCING LESS WRITE-OFFS IN 1998.
- B) PAGE 41 - TOTAL GENERAL SUPPORT EXPENSES - INCREASED DUE TO SOFTWARE UPGRADES IN 1998 AND PURCHASES LESS THAN \$500 ARE NO LONGER BEING CAPITALIZED.
- C) PAGE 41 - TOTAL CENTRAL OFFICE TRANSMISSION EXPENSES - INCREASED DUE TO ADDITIONAL WAGES CHARGED TO CIRCUIT EQUIPMENT AND ADDITIONAL EXPENSES TO REPAIR DAMAGE FROM LIGHTNING STRIKE.
- D) PAGE 41 - TOTAL CABLE AND WIRE FAC. EXPENSE - INCREASE DUE TO ADDITIONAL WAGES AND BENEFITS CHARGED TO BURIED CABLE, INCREASE IN REPAIRS SINCE THERE IS A SIGNIFICANT INCREASE IN CABLE AND ADDITIONAL CABLE LOCATING COSTS FOR 1998.
- E) PAGE 41 - EXPENSE MATRIX - PURSUANT TO AGREEMENT WITH PSCW STAFF, EXPENSE MATRIX SUBSIDIARY RECORD CATEGORY DETAIL IS NOT REQUIRED FOR THE 1998 ANNUAL REPORT. THE TOTAL AMOUNT FOR EACH ITEM IS INCLUDED IN THE OTHER COLUMN IN ORDER TO FACILITATE THE SUMMATION FUNCTION IN THE PROGRAM.
- F) PAGE 46 - DISTRIBUTION OF SALARIES AND WAGES - THE REGULATED EXPENSE AMOUNT FOR SALARIES AND WAGES INCLUDED ON LINE 5 "ALL OTHER ACCOUNTS" CONSISTS OF \$291,795.
- G) PAGE 47 - TELEPHONE CALLS AND MINUTES OF USE PER MONTH - PURSUANT TO AGREEMENT WITH PSCW STAFF, TOLL TELEPHONE CALLS AND MINUTES OF USE PER MONTH DETAIL IS NOT REQUIRED FOR THE 1998 ANNUAL REPORT. THE TOTAL TOLL AMOUNT FOR EACH ITEM IS INCLUDED ON THE OTHER TOLL - UNDEFINED LINE IN ORDER TO FACILITATE THE SUMMATION FUNCTION IN THE PROGRAM.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

H) PAGE 15 - AFFILIATED INTEREST TRANSACTIONS - PURSUANT TO AGREEMENT WITH PSCW STAFF, REVENUE, EXPENSE AND OTHER DETAIL AMOUNTS ARE NOT REQUIRED FOR THE 1998 ANNUAL REPORT. THE TOTAL AMOUNT FOR EACH COLUMN IS INCLUDED ON THE "ALL OTHER LINE" IN ORDER TO FACILITATE THE SUMMATION FUNCTION IN THE PROGRAM.

I) The distance learning circuit was installed during 1998.